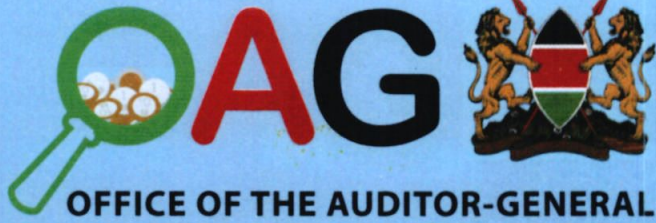


REPUBLIC OF KENYA



*Enhancing Accountability*



**REPORT**

**OF**



**THE AUDITOR-GENERAL**

**ON**

**LAMU COUNTY FISHERIES  
DEVELOPMENT AGENCY**

**FOR THE YEAR ENDED  
30 JUNE, 2024**

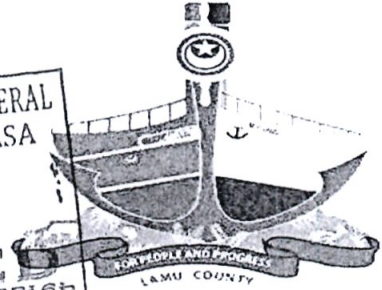
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OFFICE OF THE AUDITOR-GENERAL



OFFICE OF THE AUDITOR GENERAL  
P.O. Box 91543, MOMBASA  
26 NOV 2024  
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**LAMU COUNTY FISHERIES DEVELOPMENT AGENCY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2024**

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**Prepared in accordance with the Accrual Basis of Accounting Method under the  
International Public Sector Accounting Standards (IPSAS)**

**Lamu County Fisheries Development Agency**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**1. Acronyms and Glossary of Terms**

**a) Acronyms**

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

**b) Glossary of Terms**

Fiduciary Management	The key management personnel who had financial responsibility
----------------------	---

## **2. Key Entity Information and Management**

### **a) Background information**

The Lamu County Fisheries Development Agency was established by an Act of the County Assembly of Lamu Act No.3, 2015. The Act makes provision for the Fund to enhance access to loans, fishing fleet and fisheries inputs, by the fishermen, fish traders, fish farmers and other persons involved in the Blue Economy within the County. The Fund is wholly owned by the County Government of Lamu and is domiciled in Kenya.

The fund objective is to promote avenues for wealth creation through creation of employment and enhance the County's economic development.

### **b) Principal Activities**

The agency is responsible for: -

- ❖ Advising the County Government of Lamu on policy matters related to the fisheries development.
- ❖ Management of the Fisheries Revolving Fund on behalf of the County Government of Lamu.
- ❖ Advising fishing communities on how to maximise the economic returns from fishing activity and Promote value addition activities.
- ❖ Promote the development of new fishery products and Link fishers with local, regional, and international markets.

### **c) Board of Management**

<b>SN</b>	<b>Name</b>	<b>Designation/Office</b>
1.	Mr. Fuad Sheyumbe	Chairperson
2	Mr. Kamalu Sharif	Chief Officer Fisheries, Blue Economy, Livestock and Co-operative Development

**Lamu County Fisheries Development Agency****Annual Report and Financial Statements for the year ended June 30, 2024**

<b>SN</b>	<b>Name</b>	<b>Designation/Office</b>
3	Mr. Aboud Ahmed Lali	Chairperson of the Beach Management Units network for Lamu
4	Mr. Ali Bin Suo Bakari	Chairperson of the Fisher Co-operative networks of Lamu East and Lamu West sub-counties
5	Mrs. Fahima Ali Muhaji	Women representative for Lamu East
6	Mrs. Aziza Abdallah	Women representative for Lamu West

**d) Key Management Team**

<b>SN</b>	<b>Name</b>	<b>Position</b>
1	Hon. Faiz Fankupi Abushiri	CECM Fisheries, Blue Economy, Livestock and Co-operative Development
2	Mr. Kamalu Sharif	Chief Officer Fisheries, Blue Economy, Livestock and Co-operative Development
3	Mr. Mohamed A. Abubakar	Director, Accounting Services

**e) Fiduciary Oversight Arrangements**

<b>SN</b>	<b>Position</b>	<b>Name</b>
1	Directorate of Accounting Services	Mr. Mohamed A. Abubakar
2	Directorate Internal Audit	Mr. David Njoroge
3	County Assembly of Lamu	Public Accounts Investment Committee
4	Kenya Office of Auditor General	Office of Auditor General

**f) Registered Offices**

County Government of Lamu,  
P.O. Box 74- 80500,  
Mokowe, Lamu.

**g) Fund Contacts**

Telephone: (254) 715555111/772576122

E-mail: [treasury@lamu.go.ke](mailto:treasury@lamu.go.ke)

Website: [www.lamu.go.ke](http://www.lamu.go.ke).

**h) Fund Bankers**

Gulf African Bank -Lamu Branch

P.O. Box 191- 80500

Lamu, Kenya.

**i) Independent Auditors**

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084 GPO 00100

Nairobi, Kenya.

**j) Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112 City Square 00200

Nairobi, Kenya.

**k) County Attorney**

Director legal service,

P.O Box 74 – 80500,

Mokowe, Lamu.

### **3. Board of Management**

#### **Chairperson - Mr. Fuad Sheyumbe**

Holds a Diploma in fisheries management, Mr. Fuad Served as a Fisheries officer in the Department of Fisheries since 1980. He is the Chairman Amu Fishermen Cooperative Society and secretary Lamu Fish Processor. Currently operates as a fish processor in Lamu Chairperson

#### **Chief Officer Fisheries, Blue Economy, Livestock and Co-operative Development - Mr. Kamalu Sharif**

Mr. Kamalu Sharif Holds Master in Project Planning and Management at University of Nairobi also has Bachelor's Degree in Microbiology at Moi University. He holds Certificate in Public Sector Accounting Course and Certificate in Strategic Leadership Development Programme from the Kenya School of Government (KSG). Before his appointment as Chief Officer Fisheries, Blue Economy, Livestock and Cooperatives Development, he was Director of Fisheries and Blue Economy at County Government of Lamu.

#### **Chairperson of the Faza Beach Management Unit - Mr. Aboud Ahmed Lali**

Mr. Aboud is born in Faza, He is a Fisherman for over several years. Currently, he is the Chairman of Faza Beach Management Unit

#### **Chairperson of the Fisher Co-operative networks of Lamu East and Lamu West sub-counties - Mr. Ali Bin Suo Bakari**

Fisherman for over several years. Currently, he is the Chairman of Faza Beach Management Unit

#### **Women representative for Lamu East - Mrs. Fahima Ali Muhaji**

Mrs. Fahima is a fish trader and a member of Kiwayuu Beach Management Unit.




*Lamu County Fisheries Development Agency*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**Women representative for Lamu West - Mrs. Aziza Abdallah**

Mrs. Aziza holds Certificate in public health and has experience in the fishing industry spans for over 30 years since. She is the Chairperson of Lamu fish processors (CBO) a boat owner and fish processor in Lamu.

**4. Management Team**

Name	Position
 <p><b>Hon. Faiz Fankupi</b> <i>Bachelor of Education Arts</i></p>	<p>County Executive Committee Member for Fisheries, Blue Economy, Livestock and Cooperatives Development</p>
 <p><b>Mr. Kamalu Sharif</b> <i>Masters Project Planning, Bachelor degree Microbiology</i></p>	<p>Chief Officer - Fisheries, Blue Economy, Livestock and Cooperatives Development</p> <p>Project coordinator Lamu County - The Kenya Marine Fisheries and Socio-Economic Development (KEMFSED) project</p>
 <p><b>Mr. Mohamed A. Abubakar</b> Masters Finance, Bachelor degree in Finance and Accounting. ICPAK member</p>	<p>Director Accounting Service</p>

*Lamu County Fisheries Development Agency*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**5. Board Chairperson's Report**

The agency has not made transaction.

**Lamu County Fisheries Development Agency**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**6. Report of the Agency Administrator**

On behalf of the committee, I present Lamu County Fisheries Development Agency financial statements, which presents financial performance of the Fund for the year ended June 30, 2024.

**Sustainability**

In our pursuit to improve on transparency and accountability in public financial management, the Lamu County Fisheries Development Agency has and will continue to manage its finances in accordance with the principles of fiscal responsibility as spelt out in the Public Finance Management Act (2012), its regulations, and any other applicable laws on public finance.

**Committee and Management Changes**

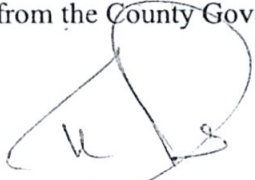
During the year, there were no committee nor management changes.

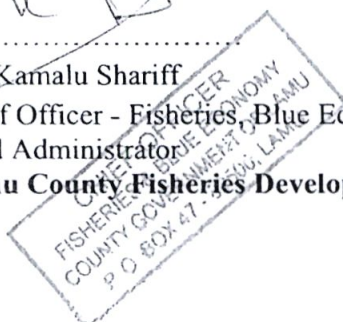
**Review of performance**

There was no additional revenue for the Fund. The Fund incurred only bank charges expenses.

**Future outlook**

We are looking forward to operationalize the agency so as the Lamu residents benefit from what was intended to achieve when creating this agency. The agency looks forward to continued support from the County Government to the realization of its mandate.

  
.....  
Mr. Kamalu Shariff  
Chief Officer - Fisheries, Blue Economy, Livestock and Co - operative Development  
Fund Administrator  
**Lamu County Fisheries Development Agency Fund**



## **7. Statement of Performance against the County A's Predetermined Objectives**

### **Introduction**

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each County Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the Lamu County Fisheries Development Agency's performance against predetermined objectives.

However, the agency was not operational during the year under review.

## **8. Corporate Governance Statement**

### **The Agency**

The Lamu County Fisheries Development Agency was established by an Act of the County Assembly of Lamu Act No.3, 2015. The Act makes provisions for the Revolving Fund to enhance access to loans, fishing fleet and fisheries inputs, by the fishermen, fish traders, fish farmers and other persons involved in the fisheries business within the County. To promote avenues for wealth creation through creation of employment and enhance the County's economic development. The Fund is wholly owned by the County Government of Lamu and is domiciled in Kenya.

### **The Board of Management**

The Lamu County Fisheries Development Act, 2015 section 5 establishes the Board of Management that comprises of:

- ❖ A chairperson appointed by the Governor and approved by County Executive Committee Member for the time being responsible for fisheries or his representative as the Chairperson.
- ❖ County Chief Officer in charge of fisheries as the Secretary to the board.
- ❖ County Director of Fisheries shall oversee the day to-day operations of the Board.
- ❖ Chairperson of the Beach Management Units network for Lamu County appointed by County Executive Committee Member of the time being.
- ❖ Chairperson of the Fisher Co-operative networks of Lamu East and Lamu West sub-counties;
- ❖ Two women one from Lamu East and Lamu West.

### **Functions of the Board.**

- ❖ To ensure timely and efficient disbursement of funds to the beneficiaries;
- ❖ To receive and discuss annual reports and returns from the Beach Management Units;

***Lamu County Fisheries Development Agency***  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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- ❖ To ensure the compilation of proper records, returns and reports from the Beach Management Units;
- ❖ Receive and address complaints and disputes and take any appropriate action; and
- ❖ Perform such other duties, as the Board may deem necessary from time to time for proper execution of its functions.
- ❖ The Board may employ such number of staff as shall be necessary to effectively enhance the operation of the Agency.

**Board Meetings**

The agency was inactive during the year; no major activities took place during the year.

**Auditor**

The Auditor-General audits the agency.

**9. Management Discussion and Analysis**

The Lamu County Fisheries Development Agency was established by an Act of the County Assembly of Lamu Act No.3, 2015. The Act makes provisions for the establishment of the Lamu County Fisheries Development Agency and make provision for the Revolving Fund to enhance access to loans, fishing fleet and fisheries inputs, by the fishermen, fish traders, fish farmers and other persons involved in the fisheries business within the County. To promote avenues for wealth creation through creation of employment and enhance the County's economic development.

The agency was not operational during the year under review.

## **10. Environmental and Sustainability Reporting**

### **1. Sustainability strategy and profile -**

The Lamu County Fisheries Development Agency is established by an Act of the County Assembly of Lamu Act No.3, 2015. This Act has put in place good governance structure. The Fund is independent. It has a fund administrator and an independent fund administration committee.

### **2. Environmental performance**

Effort is made to manage biodiversity, waste management to reduce environmental impact of community.

### **3. Employee welfare**

Efforts are made in improving skills and managing careers, appraisal and reward systems and ensure compliance with Occupational Safety and Health Act of 2007, (OSHA).

### **4. Corporate Social Responsibility / Community Engagements**

The Fund was not involved in any corporate social responsibility activities in FY-2023/2024.

**Lamu County Fisheries Development Agency**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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**11. Report of the Board of Management**

The Board submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the Fund affairs.

**Principal activities**

The principal activities of the Agency is to promote avenues for wealth creation through creation of employment and enhance the County's economic development.

**Results**

The results of the Fund for the year ended June 30, 2024 are set out on page 1 to 7

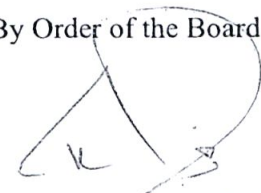
**Board members**

The members of the Board who served during the year are shown on page VI.

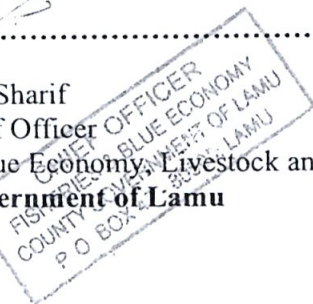
**Auditors**

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



.....  
Mr. Kamalu Sharif  
County Chief Officer  
Fisheries, Blue Economy, Livestock and Co - operative Development  
**County Government of Lamu**



## **12. Statement of Management's Responsibilities**

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the Lamu County Fisheries Development Agency is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Agency for and as at the end of the financial year ended on June 30, 2024. This responsibility includes:

- i. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund;
- iii. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- iv. Safeguarding the assets of the Fund;
- v. Selecting and applying appropriate accounting policies; and
- vi. Making accounting estimates that are reasonable in the circumstances.

The Administrator of the Lamu County Fisheries Development Agency accepts responsibility for the agency's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 Lamu County Fisheries Development Agency Act 2015. The Administrator of the agency is of the opinion that the agency's financial statements give a true and fair view of the state of agency's

**Lamu County Fisheries Development Agency**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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transactions during the financial year ended June 30, 2024, and of the agency's financial position as at that date.

The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the agency's financial statements as well as the adequacy of the systems of internal financial control. In preparing the financial statements, the Administrator of the Lamu County Fisheries Development Agency has assessed the ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

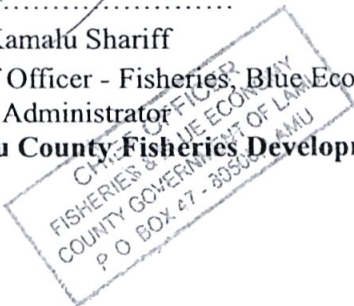
Nothing has come to the attention of the Administrator to indicate that the Lamu County Fisheries Development Agency will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The agency's financial statements were approved on 25<sup>th</sup> September, 2024 and signed on its behalf by:

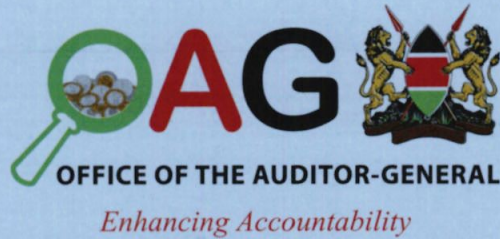


.....  
Mr. Kamalu Shariff  
Chief Officer - Fisheries, Blue Economy, Livestock and Co-operative Development  
Fund Administrator  
**Lamu County Fisheries Development Agency.**



# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
Email: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



HEADQUARTERS  
Anniversary Towers  
Monrovia Street  
P.O Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON LAMU COUNTY FISHERIES DEVELOPMENT AGENCY FOR THE YEAR ENDED 30 JUNE, 2024**

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### **PREAMBLE**

I draw your attention to the contents of my report which is in three parts:

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Lamu County Fisheries Development Agency set out on pages 1 to 31, which comprise the statement of financial

position as at 30 June, 2024 and statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Lamu County Fisheries Development Agency as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Lamu County Fisheries Development Act No.3 of 2015 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Inaccurate Other Income Amount**

The statement of financial performance reflects a payment of Kshs.1,650 which is wrongly disclosed as miscellaneous income.

In the circumstances, the accuracy and completeness of other income amount of Kshs.1,650 could not be confirmed.

#### **2. Long Outstanding Receivables Balance**

The statement of financial position reflects long term receivables from exchange transactions balance of Kshs.23,031,000. As previously reported the Agency Management purchased one hundred and fifteen (115) boat engines at a cost of Kshs.25,760,000 and issued them to fishermen on loan basis during the financial year 2015/2016. However, only loan repayments of Kshs.2,729,000 have been made to date leaving balance of Kshs.23,031,000 outstanding. Further, the collateral security from the defaulters were not auctioned to recover the money six (6) months after default while the inputs were not taken away, revalued and re-issued to other beneficiaries as stipulated by the Lamu County Fisheries Development Act. No provision for bad debts has been made in the financial statements.

In the circumstances, the accuracy, completeness and recoverability of long-term receivables from exchange transactions balance of Kshs.23,031,000 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Lamu County Fisheries Development Agency Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I

believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects budget revenue and actual on comparable basis of Kshs.2,766,001. Similarly, the Agency spent Kshs.6,438 against actual receipts of Kshs.2,766,001 resulting to an under-utilization of Kshs.2,759,563 or 80% of the actual receipts.

The underutilization may have negatively impacted on the planned activities of the Agency which affected service delivery to the public.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

### **Other Information**

The Management is responsible for the other information set out on page iii to xviii which comprise of Key Entity Information and Management, Report of the Agency administrator, Statement of Performance Against County Predetermined Objectives, Corporate Governance Statement, Management Discussion and analysis, Environmental and sustainability reporting, Report of the Board of Management and Statement of Management's Responsibilities.

In connection with my audit on the Agency's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain

assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and Those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, the Board of Management is responsible for assessing the Agency's, ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Agency's, financial reporting process, reviewing the effectiveness of how Management monitors compliance

with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management and ensuring the adequacy and effectiveness of the control environment.


### **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
**FCPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

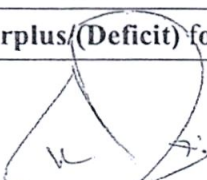
**Nairobi**

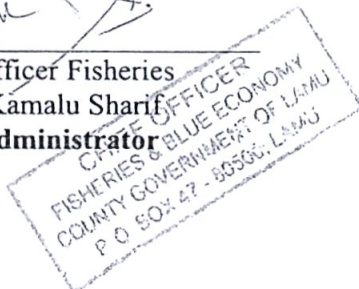
**31 December 2024**


**Lamu County Fisheries Development Agency**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**14. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2024**

Description	Note	2023 – 2024	2022 - 2023
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	-	-
Fines, Penalties and Other Levies	3	-	-
		-	-
<b>Revenue From Exchange Transactions</b>			
Interest Income	4	-	-
Other Income	5	(1,650)	2,155
		(1,650)	2,155
<b>Total Revenue</b>		<b>(1,650)</b>	<b>2,155</b>
<b>Expenses</b>			
Employee Costs	6	-	-
Use of goods and services	7	6,438	6,480
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
<b>Total Expenses</b>		<b>6,438</b>	<b>6,480</b>
<b>Other Gains/Losses</b>			
Gain/Loss on Disposal of Assets	10	-	-
Gain /Loss on fair value of investments	11	-	-
<b>Surplus/(Deficit) for the Period</b>		<b>(8,088)</b>	<b>(4,325)</b>

  
 Chief Officer Fisheries  
 Name: Kamalu Sharif  
 Fund Administrator



  
 Director Accounting Services  
 Name: CPA Mohamed Abbas Abubakar  
 ICPAK Member No: 23585

*Lamu County Fisheries Development Agency*

**Annual Report and Financial Statements for the year ended June 30, 2024**

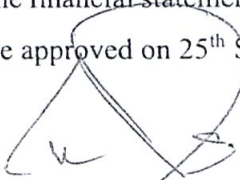
**15. Statement of Financial Position As at 30 June 2024**

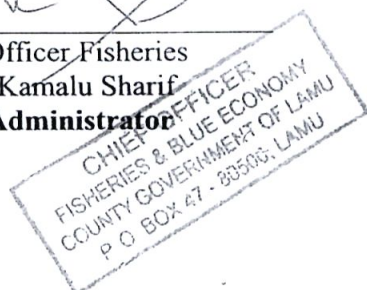
Description	Note	2023 – 2024	2022 - 2023
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	12	2,759,563	2,767,651
Current Portion of Long- Term Receivables From Exchange Transactions	13	-	-
Prepayments	14	-	-
Inventories	15	-	-
Investments in financial assets	16	-	-
<b>Total current assets</b>		<b>2,759,563</b>	<b>2,767,651</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	17	-	-
Intangible Assets	18	-	-
Long Term Receivables from Exchange Transactions	13	23,031,000	-
Investment Property	19	-	-
<b>Total non- current assets</b>		<b>-</b>	<b>-</b>
<b>Total Assets (A)</b>		<b>25,790,563</b>	<b>2,767,651</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables from Exchange Transactions	20	-	-
Current Provisions	21	-	-
Current Portion of Borrowings	22	-	-
Employee Benefit Obligations	23	-	-
Social benefit liabilities	24	-	-
<b>Total current liabilities</b>		<b>-</b>	<b>-</b>
<b>Non-Current Liabilities</b>			
Non-Current Provisions	21	-	-
Long Term Portion of Borrowings	22	-	-
Non-Current Employee Benefit Obligation	23	-	-
Social benefit liabilities	24	-	-


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Description	Note	2023 – 2024	2022 - 2023
		Kshs	Kshs
<b>Total Liabilities (B)</b>		-	-
<b>Net Assets (A-B)</b>		25,790,563	2,767,651
<b>Represented By:</b>			
Revolving Fund		25,815,840	2,784,840
Reserves		-	-
Accumulated Surplus		(25,277)	(17,189)
<b>Net Assets</b>		<b>25,790,563</b>	<b>2,767,651</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Lamu County Fisheries Development Agency financial statements were approved on 25<sup>th</sup> September, 2024 and signed by:

  
 Chief Officer Fisheries  
 Name: Kamalu Sharif  
**Fund Administrator**



  
 Director Accounting Services  
 Name: CPA Mohamed Abbas Abubakar  
**ICPAK Member No: 23585**

*Lamu County Fisheries Development Agency*

**Annual Report and Financial Statements for the year ended June 30, 2024**

**16. Statement of Changes in Net Assets for the year ended 30<sup>th</sup> June 2024**

Description	Note	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
			Kshs	Kshs	Kshs
Balance As At 1 July 2022		2,784,840	-	(12,864)	2,771,976
Surplus/(Deficit) For the Period		-	-	(4,325)	(4,325)
Funds Received During the Year		-	-	-	-
Transfers		-	-	-	-
Revaluation Gain		-	-	-	-
Balance As At 30 June 2023		2,784,840	-	(17,189)	2,767,651
Balance As At 1 July 2023		2,784,840	-	(17,189)	2,767,651
Prior year adjustment	25B	23,031,000			23,031,000
Surplus/(Deficit) For the Period			-	(8,088)	(8,088)
Funds Received During the Year		-	-	-	-
Transfers		-	-	-	-
Revaluation Gain		-	-	-	-
Balance As At 30 June 2024		25,815,840	-	(25,277)	25,790,563

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**17. Statement of Cash Flows for the Year Ended 30 June 2024**

Description	Note	2023 – 2024	2022 - 2023
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Other income		(1,650)	2,155
<b>Total receipts</b>		-	<b>2,155</b>
<b>Payments</b>			-
Use of goods		6,438	6,480
Other payments		(8,088)	<b>6,480</b>
			-
<b>Net cash flows from operating activities</b>	24	<b>(8,088)</b>	<b>(4,325)</b>
			-
<b>Net cash flows used in investing activities</b>		-	-
<b>Net cash flows used in financing activities</b>		-	-
<b>Net increase/(decrease) in cash &amp; cash Equivalents</b>		<b>(8,088)</b>	<b>(4,325)</b>
Cash and cash equivalents at 1 July		2,767,651	2,771,976
<b>Cash and cash equivalents at 30 June</b>		<b>2,759,563</b>	<b>2,767,651</b>

N/B (PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.)

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18. Statement of Comparison of Budget and Actual Amounts for the Period 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C= (a+b)	d	e= (c-d)	f=d/c*100
<b>Revenue</b>						
Balance b/d	2,767,651	-	2,767,651	2,767,651	-	100
Other Income	-	(1,650)	(1,650)	(1,650)	-	
<b>Total Income</b>	<b>2,767,651</b>	<b>(1,650)</b>	<b>2,766,001</b>	<b>2,766,001</b>	<b>-</b>	<b>100</b>
<b>Expenses</b>						
General Expenses	2,767,651	(1,650)	2,766,001	6,438	2,759,563	0.2
<b>Total Expenditure</b>	<b>2,767,651</b>	<b>(1,650)</b>	<b>2,766,001</b>	<b>6,438</b>	<b>2,759,563</b>	<b>0.2</b>
<b>Surplus For the Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,759,563</b>	<b>(2,759,563)</b>	
Capital expenditure	-	-	-	-	-	

**Budget notes**

1. The underutilization is because the agency was not operational during the year under review.

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**Reconciliation statement between the statement of comparison budget vs actual and statement of financial performance**

Surplus for the period as per the statement of comparison budget vs actual      KES 2,759,563

Surplus for the period as per the statement of financial performance      KES (-8,088)

**KES 2,767,651**

**Explained By**

Opening balance b/d

**KES 2,767,651**

**19. Notes to the Financial Statements**

**Significant Accounting Policies**

**1. General Information**

Lamu County Fisheries Development Agency is established by and derives its authority and accountability from Lamu County Fisheries Development Act 2015. The entity is wholly owned by the County Government of Lamu and is domiciled in Kenya. The entity’s principal activity is to promote avenues for wealth creation through creation of employment and enhance the County’s economic development.

**2. Statement of compliance and basis of preparation**

The Agency’s financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the agency. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

**3. Adoption of new and revised standards**

*(i) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024*

There were no new and amended standards issued in the financial year.

*(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.*

Standard	Effective date and impact
IPSAS 43	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This</p>

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	information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45- Property Plant and Equipment	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The objective of this standard was to improve measurement guidance across IPSAS by:  i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.  ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;

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	<p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

**(i) Early adoption of standards**

The Lamu County Fisheries Development Agency did not early – adopt any new or amended standards in the financial year.

**2. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i. Revenue from non-exchange transactions**

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

**ii. Revenue from exchange transactions**

**Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

**Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

**Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

**b) Budget information**

The County Assembly approved the original budget for FY 2023/2024 on June. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

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The Lamu County Fisheries Development Agency's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

**Summary of Significant Accounting Policies (Continued)**

**Summary of Significant Accounting Policies (Continued)**

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 18 of these financial statements.

**c) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**a) Intangible Assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange.

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Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

**b) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

**c) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The Lamu County Fisheries Development Agency does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or

**Summary of Significant Accounting Policies (Continued)**

minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**Financial assets**

### **Classification of financial assets**

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

### **Subsequent measurement**

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

### **Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

### **Fair value through net assets/ equity**

**Lamu County Fisheries Development Agency**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity.

**Summary of Significant Accounting Policies (Continued)**

Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

**Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

**Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

**Financial liabilities**

**Classification**

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

**d) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

**e) Provisions**

Provisions are recognized when the Lamu County Fisheries Development Agency Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. No provisions are maintained.

**f) Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme

**Lamu County Fisheries Development Agency**  
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is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

**g) Contingent liabilities**

The Lamu County Fisheries Development Agency Fund does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

**Contingent assets**

The Lamu County Fisheries Development Agency Fund does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**h) Nature and purpose of reserves**

The Lamu County Fisheries Development Agency Fund does not create and maintain reserves in terms of specific requirements.

**i) Changes in accounting policies and estimates**

The Lamu County Fisheries Development Agency Fund recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**j) Employee benefits – Retirement benefit plans**

The Lamu County Fisheries Development Agency provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets

***Lamu County Fisheries Development Agency***  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**k) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**l) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**m) Related parties**

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

**Summary of Significant Accounting Policies (Continued)**

**n) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**o) Comparative figures**

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

**5. Significant judgments and sources of estimation uncertainty**

The preparation of the Lamu County Fisheries Development Agency 's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

State all judgements, estimates and assumptions made e.g.

**a) Estimates and assumptions –**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future

***Lamu County Fisheries Development Agency***  
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developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

**b) Useful lives and residual values**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- i. The condition of the asset based on the assessment of experts employed by the Entity
- ii. The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- iii. The nature of the processes in which the asset is deployed
- iv. Availability of funding to replace the asset
- v. Changes in the market in relation to the asset

**c) Provisions**

No Provisions were raised and managed

*Lamu County Fisheries Development Agency*  
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**6. Notes to the Financial Statements Continued**

**1. Public contributions and donations**

Description	2023 -2024	2022 - 2023
	Kshs	Kshs
Total	-	-

**2. Transfers from County Government**

Description	2023 -2024	2022 - 2023
	Kshs	Kshs
Total	-	-

**3. Fines, penalties and other levies**

Description	2023 -2024	2022 - 2023
	Kshs	Kshs
Total	-	-

**4. Interest income**

Description	2023 -2024	2022 - 2023
	Kshs	Kshs
Total Interest Income	-	-

**5. Other income**

Description	2023 -2024	2022 - 2023
	Kshs	Kshs
Miscellaneous Income	(1,650)	2,155
Total Other Income	(1,650)	2,155

**6. Employee Costs**

Description	2023 -2024	2022 - 2023
	Kshs	Kshs
Total	-	-

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**Notes to the Financial Statements Continued**

**7. Use of Goods and Services**

Description	2023 -2024	2022 - 2023
	Kshs.	Kshs.
Bank Charges	6,438	6,480
<b>Total</b>	<b>6,438</b>	<b>6,480</b>

**8. Depreciation and Amortization Expense**

Description	2023 -2024	2022 - 2023
	Kshs.	Kshs.
<b>Total</b>	<b>-</b>	<b>-</b>

**9. Finance costs**

Description	2023 -2024	2022 - 2023
	Kshs	Kshs
<b>Total</b>	<b>-</b>	<b>-</b>

**10. Gain/(loss) on disposal of assets**

Description	2023 -2024	2022 - 2023
	Kshs	Kshs
<b>Total</b>	<b>-</b>	<b>-</b>

**11. Gain/ (loss) on Fair Value Investments**

Description	2023 -2024	2022 - 2023
	Kshs	Kshs
<b>Total Gain</b>	<b>-</b>	<b>-</b>

**12. Cash and cash equivalents**

Description	2023 -2024	2022 - 2023
	Kshs	Kshs
Current Account	2,759,563	2,767,651
<b>Total Cash And Cash Equivalentents</b>	<b>2,759,563</b>	<b>2,767,651</b>

**Lamu County Fisheries Development Agency  
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**Notes to the Financial Statements Continued**

Detailed analysis of the cash and cash equivalents are as follows:

Financial Institution	Account number	2023 -2024	2022 - 2023
		Kshs	Kshs
<b>a) Current Account</b>			
Gulf African Bank	0570005001	2,759,563	2,767,651
<b>Grand Total</b>		<b>2,759,563</b>	<b>2,767,651</b>

**13. Receivables from exchange transactions**

Description	2023 -2024	2022 - 2023
	Kshs	Kshs
Boat engines loaned to beneficiaries	23,031,000	
<b>Total Receivables From Exchange Transactions</b>	<b>23,031,000</b>	<b>-</b>

**14. Prepayments**

Description	2023 -2024	2022 - 2023
	Kshs	Kshs
<b>Total</b>	<b>-</b>	<b>-</b>

**15. Inventories**

Description	2023 -2024	2022 - 2023
	Kshs	Kshs
<b>Total Inventories at The Lower of Cost and Net Realizable Value</b>	<b>-</b>	<b>-</b>

**Notes to the Financial Statements Continued**

**16. Investments in financial assets**

Description	2023 -2024	2022 - 2023
	Kshs	Kshs
<b>Grand total</b>	<b>-</b>	<b>-</b>

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**Notes To The Financial Statements (Continued)**

**17. Property, plant and equipment**

	<b>Land and Buildings</b>	<b>Motor vehicles</b>	<b>Furniture and fittings</b>	<b>Computers and office equipment</b>	<b>Total</b>
<b>Cost</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
At 1 <sup>st</sup> July (Previous FY)	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30 <sup>th</sup> June (Previous FY)	-	-	-	-	-
At 1 <sup>st</sup> July (Current FY)	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30 <sup>th</sup> June (Current FY)	-	-	-	-	-
<b>Depreciation And Impairment</b>	-	-	-	-	-
At 1 <sup>st</sup> July (Previous FY)	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30 <sup>th</sup> June (Previous FY)	-	-	-	-	-
At 1 <sup>st</sup> July (Current FY)	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
At 30 <sup>th</sup> June (Current FY)	-	-	-	-	-
<b>Net Book Values</b>	-	-	-	-	-
At 30 <sup>th</sup> June (Previous FY)	-	-	-	-	-
At 30 <sup>th</sup> June (Current FY)	-	-	-	-	-

*Lamu County Development Agency*  
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**Notes To The Financial Statements (Continued)**

**18. Intangible assets**

Description	2023 -2024	2022 - 2023
	Kshs	Kshs
Cost		
NBV	-	-

**19. Investment Property**

Description	2023 -2024	2022 - 2023
	Kshs	Kshs
At end of the year	-	-

**20. Trade and other payables from exchange transactions**

Description	2023 -2024	2022 - 2023
	Kshs	Kshs
Total Trade and Other Payables	-	-

**21. Provisions**

Description	Leave provision	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Total provisions year end	-	-	-	-

**22. Borrowings**

Description	2023 -2024	2022 - 2023
	Kshs	Kshs
Balance At End of The Period	-	-

**23. Employee benefit obligations**

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Insert Current FY	Insert Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
Total	-	-	-	-	-

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**Notes To The Financial Statements (Continued)**

**24. Social Benefit Liabilities**

Description	2023 -2024	2022 - 2023
	Kshs	Kshs
Total (tie to totals above)	-	-

**25. Cash generated from operations.**

Description	2023 -2024	2022 - 2023
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	(8,088)	(4,325)
<b>Adjusted For:</b>		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
<b>Working Capital Adjustments</b>		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
<b>Net Cash Flow From Operating Activities</b>	<b>(8,088)</b>	<b>(4,325)</b>

**25b. Prior year adjustments**

Description	2023 -2024
	Ksh
Revolving fund b/d 1-07-2023	2,784,840
Add: receivables undisclosed over the years	23,031,000
	<b>25,815,840</b>

## 26. Related party balances

### a) Nature of related party relationships

Entities and other parties related to the agency include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The fund/scheme is related to the following entities:

- a) The County Government;
- b) Department of fisheries and blue economy;
- c) Key management;
- d) Board of Trustees; etc.

### b) Related party transactions

Description	2023 – 2024	2022 – 2023
	Kshs	Kshs
<b>Total</b>	-	-

### c) Key management remuneration

Description	2023 – 2024	2022 – 2023
	Kshs	Kshs
<b>Total</b>	-	-

### d) Due from related parties

Description	2023 – 2024	2022 – 2023
	Kshs	Kshs
<b>Total</b>	-	-

### e) Due to related parties

Description	2023 – 2024	2022 – 2023
	Kshs	Kshs
<b>Total</b>	-	-

## 27. Contingent assets and contingent liabilities

Contingent Liabilities	2023 – 2024	2022 – 2023
	Kshs	Kshs
<b>Total</b>	-	-

**Notes To The Financial Statements (Continued)**

**28. Financial risk management**

The Agency's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The agency's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Fund's financial risk management objectives and policies are detailed below:

**a) Credit risk**

The agency has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

The board of management sets the agency's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**b) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

**c) Market risk**

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates, which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The agency's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the Lamu County Development Agency's exposure to market risks or the manner in which it manages and measures the risk.

**i. Foreign currency risk**

The Lamu County Development Agency's has no transactional currency exposures.

The carrying amount of the entity's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

*The Fund manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.*

**ii. Interest rate risk**

Interest rate risk is the risk that the entity's financial condition may be adversely affected because of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

#### **Management of interest rate risk**

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

#### **d) Capital risk management.**

The objective of the agency's capital risk management is to safeguard the Fund's ability to continue as a going concern. The entity capital structure comprises of the following funds:

Description	2023 – 2024	2022 - 2023
	Kshs	Kshs
Revaluation reserve	2,784,840	2,784,840
Revolving fund	2,784,840	2,784,840
Accumulated surplus	(25,277)	(17,189)
<b>Total funds</b>	<b>2,759,563</b>	<b>2,767,651</b>
Total borrowings	-	-
Less: cash and bank balances	(2,759,563)	(2,767,651)
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>	<b>0%</b>	<b>0%</b>

#### **29. Events after the reporting period**

There were no material adjusting and non- adjusting events after the reporting period.

#### **30. Ultimate and Holding Entity**

The Lamu County Development Agency is a County Public Fund established by Lamu County Development Act 2015 under the department of fisheries and blue economy. Its ultimate parent is the County Government of Lamu.

#### **31. Currency**

The financial statements are presented in Kenya Shillings (Kshs).

**20. Annexes**

**Annex I: Progress on Follow Up Of Prior Year Auditor's Recommendations**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Non-Disclosure of Debtors in the Financial Statement	The Management will take necessary action	Resolve	FY 2023/2024
	Budgetary Control and Performance	The Management will take necessary action	Not Resolve	FY 2024/2025
	Prior Year Audit Matters	The Management will take necessary action	Partially resolve	FY 2024/2025
1.0	Failure to Appoint Board of Management	The Management will take necessary action	Resolve	FY 2023/2024
2.0	Idle Funds	The Management will take the necessary action	Not Resolve	FY 2023/2024
	Lack of a Risk Management Policy	The Management is in the process to prepare	Resolve	FY 2023/2024

Mr. Kamalu Shariff  
Chief Officer - Fisheries, Blue Economy, Livestock and Co - operative Development  
Fund Administrator  
**Lamu County Fisheries Development Agency Fund**

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**Annex II: Inter-Fund Confirmation Letter**  
*[Insert your Letterhead]*

*[Insert name of beneficiary Fund]*  
*[Insert Address]*

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2024 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by <i>[Insert name of beneficiary Fund]</i> as at 30 <sup>th</sup> June 20xx							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fund]</i> (Kshs) as at 30 <sup>th</sup> June 20xx			Total (D)=(A+B+C)	Amount Received by <i>[beneficiary Fund]</i> (KShs) as at 30 <sup>th</sup> June 2024 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)			
Total							

In confirm that the amounts shown above are correct as of the date indicated.

**Head of Accountants department of beneficiary Fund:**  
 Name *M. Mohamed Abbas* Sign *[Signature]* Date *SEP 2024*

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**Annex III: Reporting of Climate Relevant Expenditures**

No climate relevant expenditure

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

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**Annex IV: Reporting on Disaster Management Expenditure**

No disaster management relevant expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments